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Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06
OES-07 SP-02 SS-15 STR-05 TRSE-00 ACDA-07 PA-01
PRS-01 /103 W
----------047511 272357Z /20
R 271505Z SEP 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 9883

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E. O. 11652: N/A
TAGS: ENRG, EG
SUBJ: PETROLEUM EXPORT REVENUES FOR 1977

REF: CAIRO 6811

1. PRESS SEPT 20 CARRIES STATEMENT RELEASED BY MINPET THAT EGYPTIAN OIL REVENUES WILL TOTAL LE 324 MILLION IN 1977 (OIL REVENUES ARE COMPUTED AT OFFICIAL RATE, HENCE TOTAL DOLLAR AMOUNT INVOLVED IS $810 MILLION). THIS IS SAME FIGURE THAT HAS BEEN USED BY MINPET IN PAST FOR TOTAL OIL REVENUES. SEPT 20 STORY, HOWEVER, CONTAINS UNUSUALLY DETAILED BREAKDOWN OF THIS TOTAL FIGURE. ACCORDING PRESS, OF THE EXPECTED LE 324 MILLION, LE 56 MILLION REPRESENTS REVENUE FROM SUPPLY OF FUEL TO SHIPS AND AIRPLANES AND FROM SUMED PIPELINE FEES. REMAINING REVENUE (LE 268 MILLION OR $670 MILLION) REPRESENTS EXPORT OF CRUDE OIL AND PETROLEUM PRODUCTS. NOTE: AT LAST QUARTERLY NEGOTIATED PRICE OF $12.36 PER BARREL, THIS WOULD MEAN AVERAGE EXPORT OF APPROXIMATELY 150,000 BARRELS PER DAY. CONSIDERING PRODUCTION INCREASES WHICH TOOK PLACE IN APRIL OF THIS YEAR (SEE REFTEL), THIS IS IN OUR VIEW TECHNICALLY ATTAINABLE EXPORT FIGURE.
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2. FOR FIRST TIME WE ARE AWARE, PRESS REPORTS CONTAIN VALUE OF IMPORTED CRUDE AND PETROLEUM PRODUCTS. AMOUNT NEEDED TO FINANCE ALREADY IMPORTED AND EXPECTED IMPORTS THIS YEAR PUT AT LE 114 MILLION ($285 MILLION). NEWS ACCOUNT DRAWS CONCLUSION THAT NET REVENUES WILL BE LE 210 MILLION ($525 MILLION). NOTE: ONLY PORTION OF THIS LATTER FIGURE, HOWEVER,

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REPRESENTS INCOME FOR GOE WHEN PRODUCTION-SHARING AGREE-
MENTS ARE CONSIDERED. ROUGHLY HALF OF THAT AMOUNT THEREFORE
WILL ACTUALLY ACCRUE TO GOE COFFERS.

3. COMMENT: EXPECTED REVENUES DESCRIBED BY MINPET ARE
BASED ON MAINTENANCE OF CURRENT PRODUCTION LEVELS WHICH
ARE CONSIDERABLY HIGHER THAN THOSE ANTICIPATED AT BEGINNING
OF YEAR. AMOCO TOLD US RECENTLY THAT EGYPT, ALONG WITH
OTHER OAPEC STATES IS IN SERIOUS DIFFICULTY OVER MARKETING
OF ITS OIL AT CURRENT PRICES. EGYPTIAN CRUDE IS HEAVY AND
SULPHUROUS. WEST GERMAN CUSTOMER WHO PROMISED TO TAKE
ABOUT ONE MILLION BARRELS PER MONTH IN JUNE, JULY AND
AUGUST WELSHED ON DEAL DUE TO LOWER PRICES BEING OFFERED
BY KUWAIT. EGYPTIANS THEREFORE PRESSURING AMOCO TO TAKE
EXTRA CRUDE OIL FOR THESE MONTHS IN ORDER KEEP REVENUES
UP AND IN ORDER RELIEVE PRESSURE ON STORAGE FACILITIES.
AMOCO HAS NOT YET DECIDED IF IT IS IN POSITION TO ACCEPT
OFFER. IF AMOCO SHOULD REFUSE, PRODUCTION CUTS WOULD HAVE
TO TAKE PLACE DUE TO LACK OF STORAGE FACILITIES. EGYPTIAN
OIL REVENUE THEREFORE MAY SUFFER IF DEMAND/PRICE SITUATION
CONTINUES RELATIVELY SOFT. PRESUMABLY THIS WAS ONE OF TOPICS
DISCUSSED AT OAPEC MEETING IN SAUDI ARABIA EARLIER THIS MONTH.
MATTHEWS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, EXPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 27-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO16057
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770352-0529
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From: CAIRO
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770919/aaaaapms.tel
Line Count: 85
Litigation Code IDs:
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Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 CAIRO 6811
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1123456
Secure: OPEN
Status: NATIVE
Subject: PETROLEUM EXPORT REVENUES FOR 1977
TAGS: ENRG, EG
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/8ce51b3c-c288-dd11-92da-001cc4696bcc
Review Markings:
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